

## **The complaint**

Mr and Mrs P complain about how Liverpool Victoria Insurance Company Limited ("LV") has handled their home insurance claim.

Mr and Mrs P are joint policyholders. As most of the communication relating to their claim and complaint has been from Mr P, I'll refer mainly to him in my decision.

LV is the underwriter of this policy i.e. the insurer. Part of this complaint concerns the actions of its agents. As LV has accepted it is accountable for the actions of the agents, in my decision, any reference to LV includes the actions of the agents.

## **What happened**

In September 2022, Mr P made a claim under his home insurance policy with LV because he suspected there was a leak in his bathroom. LV arranged for a leak detection company and drainage specialist company to investigate. It told Mr P it was declining his claim because it didn't believe there were any leaks in the drainage or pipework. The only issue it had found was to do with the shower sealant.

In February 2023, Mr P contacted LV again and raised a complaint. He said he'd arranged for a private leak detection, and they had discovered a substantial leak. LV instructed contractors to validate the claim and agreed it should have been accepted. It issued a final response to Mr P's complaint on 4 July 2023 apologising for making the wrong decision in declining his claim and paid him £600 in recognition of this. This was in addition to £25 LV had paid Mr P in March 2023 because of a miscommunication about the reattendance of a plumber.

Mr P told LV the claim had affected his health quite significantly. He said damp had been caused to his property because LV didn't resolve the issue at the start. LV paid Mr P a further £150.

A couple of weeks later Mr P raised another complaint with LV. He was unhappy about a lack of communication from LV's contractors. He also advised it that his bedroom furniture was damaged by mould. LV said it had provided the contractor's surveyor with details of Mr P's complaint and it understood he had been in touch with Mr P and had advised him of next steps. It said it would be happy to reimburse Mr P for the replacement of bedroom furniture that had been damaged due to mould.

Following this, Mr P raised several concerns about poor service and communication as well as the quality of works carried out by LV's contractors.

In November 2023, Mr P brought his complaint to the Financial Ombudsman Service. He was unhappy with work that had been carried out by LV's contractors and communication from them. He felt they had delayed the claim significantly. He didn't think the compensation LV had paid him was sufficient.

LV issued a final response to Mr P's complaint on 7 December 2023. It acknowledged that Mr P had encountered difficulties during the claim and said it was paying him a further £300

in recognition of the inconvenience caused to him. But Mr P didn't think this was enough to put things right.

Our investigator looked into Mr P's concerns and thought his complaint should be upheld. He recommended that LV pay Mr and Mrs P an additional £425 compensation. He said LV should also reimburse Mr P for the furniture it had agreed to cover in its final response of 26 July 2023.

Mr P said he didn't think a total of £1,500 compensation went far enough to be considered fair or reasonable under the circumstances. He said that in real terms they would only receive £1,150, taking into account the excess they'd already paid. He said that despite numerous emails and phone calls to LV he had still not been compensated for the bedroom furniture at a cost of £900. He said they'd lost use of facilities as the master bedroom en-suite and bathroom were out of action due to ongoing works. When the toilet in the en-suite was removed it was damaged but was refitted despite this and a leak was present. It took six weeks for the part to be replaced.

Mr P said he and Mrs P didn't agree with our investigator's recommendation for compensation due to a number of factors. These included the length of time taken to rectify repairs, with delays caused by LV's contractors due to mismanagement. There was also damage caused by the contractor's tradesmen. There was disruption to his family and their physical and mental health was impacted. He said he was appalled by the mismanagement of the claim by LV.

As Mr and Mrs P don't agree with our investigator's outcome, their complaint has been passed to me to decide.

### **What I've decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I've reached broadly the same conclusions as our investigator. I'll explain why.

LV has commented that it doesn't consent to our service considering any issues that might have been brought to us outside of the six month timeframe given in its final responses to Mr P's complaints. Mr and Mrs P brought their complaint to us on 20 November 2023. So, I can deal with the complaints responded to in LV's final responses from 4 July 2023 up until 7 December 2023.

The relevant industry rules say an insurer should handle claims promptly and fairly.

LV has acknowledged that it should have accepted Mr P's claim when he first made it in September 2022. It's also acknowledged poor service and delays in the progress of the claim.

From what I can see, Mr and Mrs P's claim concluded in October 2023. Mr P says delays were caused by LV and its contractors' mismanagement of the claim. They didn't allow sufficient time for works to be completed. There were various issues with the quality of works that were carried out that needed to be rectified. For example, there was an issue with the installation of flooring and a toilet was leaking after being fitted.

Mr P says LV's poor handling of his claim has impacted both his mental and physical health. The damage got worse because LV didn't deal with his claim when he first made it. He says

the damp and mould caused his asthma to become worse and he had to use his inhaler much more than he normally would. He and his family were left living on a building site for a year. He was inconvenienced by having to stay in for contractors. And his relationship with Mrs P also suffered.

When thinking about a fair award for compensation, I need to separate the impact of the escape of water event itself from the additional distress and inconvenience Mr and Mrs P have experienced due to LV's poor service. Even if the claim had been handled efficiently throughout, Mr and Mrs P would still have experienced inconvenience as part of the claims process.

I think it's likely that the damage got worse because LV didn't deal with the claim properly to begin with. I understand a large amount of mould was discovered when the leak detection arranged by Mr P was carried out. There also seem to have been a number of avoidable delays in progressing the claim even after LV accepted it. So, I think Mr and Mrs P were caused a lot of unnecessary disruption and inconvenience.

I'm sorry to hear of the impact this situation has had on Mr P's mental and physical health and on his relationship with Mrs P. However, £1,500 is at the upper end of what our service would typically award where a business's mistakes have caused substantial distress, upset and worry – where there may have been serious disruption to daily life over a sustained period, sometimes over a year. So, while I appreciate my answer will be disappointing for Mr and Mrs P, I think this amount reasonably recognises the impact of LV's poor service on them.

Mr P has commented that they would only receive £1,150 in real terms because of the £350 excess they've already paid. However, the policy's terms and conditions required Mr and Mrs P to pay the excess, which is the first amount of any claim. This is separate to an award for distress and inconvenience. So, if LV pays Mr and Mrs P a further £425, they will have received a total of £1,500 compensation.

Mr P says he's been chasing LV to reimburse him for furniture he'd bought to replace mouldy bedroom furniture. I can see that LV said it was happy to reimburse Mr P for replacement furniture damaged due to mould in its final response of 26 July 2023. Mr P says he's provided LV with further information to allow it to do this. LV hasn't commented on this in response to our investigator's outcome, so it's unclear why this hasn't yet been paid. I think it should do so as soon as possible.

### **Putting things right**

LV should:

- Pay Mr and Mrs P £425 for distress and inconvenience and
- Reimburse them for the bedroom furniture it agreed to cover in its final response of 26 July 2023.

### **My final decision**

For the reasons I've explained, I uphold Mr and Mrs P's complaint and direct Liverpool Victoria Insurance Company Limited to put things right by doing as I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P and Mrs P to accept or reject my decision before 1 July 2024.

Anne Muscroft  
**Ombudsman**